

the investment be exclusively or almost exclusively limited to railway securities, and electric traction, in a form adapted to continuous and heavy carriage, appeared to be practically feasible in consequence of some invention, he would sustain a diminution of value upon his entire possessions, through failing to possess other classes of investment whose coincident rise or stability would help to neutralise or modify the general decline in price. Hence the valid importance, of the judicious allotment of risks, particularly in the case of comparatively small investors.

In the contingency just cited in respect of railways, a concurrent investment in Electric Companies' Debentures would provide compensation; and, as counteracting the fall of Government Stocks, an investment in sound Industrial Securities, which would benefit by the needful supply of transport and materials, would have proved a protective measure in consequence of their simultaneous advances in value. I mention these instances simply for the purpose of illustrating the principle of the advice.

Investments, accordingly, should be apportioned, and the amount of each, over different kinds of security, and in proportion, as to each amount, to the entire extent of the investor's resources. This does not mean that taking 'Railways as an example, the holding should be distributed over the ordinary stock, preference stock, and debenture stock, of a single railway, but that part should be placed in a Railway or Railways, part in Colonial Government Bonds, part in British Municipal Stocks and so on. This rule has been announced, involves the corollary that the several sums thus invested in diverse forms of security should bear in each case a suitable and safe proportion to the aggregate of the investor's total means. Thus, if he possessed in all £1000, let him invest, for example, £400 in Railway debentures or preference or guaranteed stock; the same amount in Corporation Loans of the United Kingdom; a similar sum in Colonial Government Stocks or well-selected Colonial Municipal Bonds; and the same in some other approved security.

If the entire fund of savings be £500, divide it into three equal investments, of say £200, £200, and £100, and generally,